Do corporations have social responsibilities outside of the ultimate corporate goal to maximize profits? In the United States, the largest capitalist "experiment" in history there are many corporations that have stepped up to claim "social responsibilities" and many that have disregarded them and focused solely on profits. It is difficult to define a corporations social responsibilities because they are not individuals. While corporations legally possess similar rights as a person they technically are not and cannot be held accountable in the same respects. A corporation is typically established to remove the financial liability from an individual or group of individuals and place this liability on another entity, a corporation. The main focus of a corporation or business is to make money for the owner(s). Owners or shareholders main interest in a corporation is to make a profit. Since the corporation is not an actual person it does not have a moral conscience to guide it in making that profit. The responsible party in these affairs are the executives or management. Management receives directives from owners on how to conduct business. This is the primary focus of their job because the owners are who they report directly to. Should other factors outside of the bottom line and legal guidelines also influence management's decisions as individuals? When management within a corporation, especially a large one, makes a decision the bottom line is not the only thing affected. These decisions reverberate through the local and possibly national economy. There are supporters on either side of the fence of whether or not corporations should be responsible for more than just their bottom line and the law that guides them.

A proponent of the idea that corporations should take on social responsibilities in order to achieve a more sustainable future is Joe DesJardins. In the *Business & Professional Ethics Journal*, DesJardins details his case for why it is practical and important as well as how it can be and is being done. DesJadins emphasizes that current practices put an incredible strain on the earth's biosphere and that the biosphere is ultimately the fundamental foundation of all economic activity. He stresses that current practices regarding the behavior and decisions of corporations are not sustainable because they add to the stress on the biosphere and are likely the primary cause of these problems. He states that there are two fallacies that must be corrected to begin to move towards a sustainable economic system. First is that unchecked economic growth is the best solution to address global poverty. Second is, economics and business can operate independent of ethics and environmental factors. He suggests that pure growth based economy is not the answer to a sustainable future but rather a development based growth is essential. He illustrates this point by comparing the purchase of two vehicles. The purchase of a $60K SUV contributes more to the economy than the purchase of a $20K hybrid but the ecological consequences of the purchase of the SUV are greater than those of purchasing the hybrid. This illustrates an example of a purely growth based transaction rather than developmental. By development based he is referring to a higher focus on social issues rather than just pure monetary growth so that human well-being is promoted in a sustainable way while reducing practices that harm the earth's biosphere. He proposes a "three pillars of sustainability" approach where corporations are not only responsible for a single economic bottom line but rather a "triple bottom line" including economic, ecological and ethical factors. Some industries may not be suitable in a sustainable economy. He states that shrinking the economic gap between wealthy and industrialized countries and poor developing nations is critical to achieve some level of sustainability. Management within companies must choose between ethical, environmental and economic social responsibilities when making decisions. In most cases making more ethically or environmentally conscious decisions tend to threaten profits and since profits are what keeps a business running these decisions directly imperil the life of the company. Chasing profit leads environmental responsibility to fall to the waist-side. DesJardins suggests the decisions of management within companies may not be a rigid and limited as expected and that they have more freedom in making decisions than you may think. He stresses

that rather than viewing ethical responsibilities as obstacles to generating a profit companies should look to these as guides to making decisions that are more sustainable to the environment. He believes "closed-loop" manufacturing is one way of increasing sustainability. This means the waste of one company can be used in the production process of another rather than just thrown out. This ecologically conscious decision would coincide with the ability to increase profit. By selling waste or using waste to produce more a company can increase their profit. Also by improving efficiencies, reducing energy use and using higher fraction of sustainable energy corporations can improve their health or sustainability. Increasing efficiency would not only improve profits by reducing cost but it could be used as a marketing tool to sell products as "green." Aside from the sustainability and marketability motivation DesJardins points out the possibility of future government imposed regulation. By being ahead of these regulations a company is not only able to participate as a leader in shaping these regulations but also to avoid possible repercussions due to negligence.

DesJardins makes many good points in this excerpt. He gives many good examples of how companies have done things to improve sustainability while also positively affecting profits and employees. In his opening remarks he states that these changes will require global economic activity with strong social and political leadership. It seems as though most high power political offices have vested interest in corporations themselves. They receive campaign donations from companies. This lobbying presents a huge roadblock in overcoming this problem. When corporations control a vast majority of the wealth and are driven to make profit they lobby politicians to create legislation that protects them further. Change will not likely come from public officials and government because they are largely "in-bed" with corporations. Most change will be sparked by individuals within companies' management that base their decisions on not just economical but also ethical and environmental effects. DesJardins points to unchecked and misdirected economic growth to be the problem. While misdirected growth in a company, focusing solely on maximizing profit and completely disregarding ethics, is largely to blame the large economic growth of a company can also contribute very positively to the community it resides in as well as the national economy. While the car example mentioned was a fair example when the entire cradle-grave lifecycles of the vehicles are accounted for it may actually still be ecologically less detrimental to purchase the SUV. Hybrid cars use batteries to store energy. The metals used in batteries are difficult to mine and the mining process uses heavy machinery which contributes to pollution. Also since the batteries store electricity and then use it to drive the car it is considered "clean" energy because no pollution is produced from this transfer of energy. It is an interesting façade because while on the surface it appears as though the use of the battery to power the motor is pollution free, the process by which the electricity is initially produced is far from pollution free. According to the EIA, Annual Energy Outlook released for 2014, in 2012 37% of the electricity produced in the US was made using coal. Coal is not only one of the "dirtiest" burning fossil fuels it is also one of the most detrimental to mine in terms of human health as well as environmental conditions.

On the other side of the fence there is Milton Friedman who in *The Social Responsibility of Business is to Increase its Profits* advocates that the sole responsibility of a corporation can only be the profit that it produces. Friedman opens the argument by proclaiming when executives or businessmen claim to be not only concerned with profits but also the social consequences of their business they are professing socialism. He states only people have responsibilities and although corporations are artificial people and can have artificial responsibilities a business cannot claim to have responsibilities. The individuals within a corporation said to be responsible are the executives or management. These executive

are held accountable by the owner(s) or shareholders. The owner(s) or shareholders main stake in the corporation it to make a profit. So it would be deduced that the main drive of the executives is to maximize profit. Since the executives are people themselves they do have their own social convictions when making decisions. Friedman states that when these executive use their own personal time or money towards a "social charity" it is acceptable. He contests however, that when an executive acts based on a social conviction within an organization it is an act of socialism. The money he or she is using is not their own it is that of the shareholders. He is in effect taxing the shareholder to contribute to some social effort. Since many executives are appointed or hired without large input from stakeholders this can be seen as an unrepresented redistribution of wealth or tax. This is a basic function of government and is handled by elected officials. Friedman draws a connection to "taxation without representation" from the American Revolution. Through this chain he draws the correlation to socialism by saying in effect, if it is the social responsibility of a corporation to attend to things other than profit then the people holding executive positions must be elected civil officials in order to preserve democracy. But in doing this the infrastructure of the free market is replaced by government bureaucracies and what is left is affectively a socialist state. Friedman states that people within corporations who claim they are acting based on a social responsibility are of minority opinion and are incapable of convincing others of their beliefs and are trying to push through their own agendas by undemocratic procedures. He defends sole proprietors because they are acting on their own beliefs with their own money. He also defends the attendance to social responsibilities of corporations when stockholders would normally contribute a certain amount to a charity but can contribute more through their corporation. He humbly defends himself by saying that he cannot demand that companies stop claiming to be acting on social responsibilities because that would in and of itself be them exercising a social responsibility. Friedman states that by acknowledging social responsibilities of a corporation executive gain some short term recognition but that it negatively reflects on corporations in general. Meaning that it strengthens the idea that companies ruthlessly strive for profits in an immoral way and that this behavior must be controlled and monitored by the government.

Fundamentally Freidman's argument seems solid and it follows a logical progression. Realistically corporations are not accused of being socialists when they contribute to charities. There is no circumventing of the legislative procedure of taxation when individuals within a company decide to take steps in order be more environmentally conscious and sustainable. His argument states that the eventual intervention of government in the free market is the problem with claiming these social responsibilities but if corporations were allowed to run rampant without consequences they would monopolize and exploit consumers as well as likely cause severe irreversible damage to the environment. In order to stop corporations from growing out of control the government must impose some regulations and guidelines on business which is itself an obstacle to a free market and a step closer to socialism.

A third opinion on the matter is in an article from Forbes. The writer here agrees at least generally with Friedman. They agree that corporations do not have social responsibilities for similar reasons but do not explain it in such depth as Friedman. The article states it is, "irresponsible for the management and directors of a company, whose stock these investors purchased, to deploy corporate assets for social causes." As Friedman said this deployment of shareholders money is like a tax that is imposed by an unelected body. The article proposes a study in which Apple would sell an iPod for $99 and then one for $125 and advertise that the extra $26 would go to a charity. And simply measure the amount of people that are willing to pay that extra $26 for a social cause. It is claimed that most would rather contribute to an individual charity that they believe in rather than a bulk effort through a company. The article claims it

would be deceptive and irresponsible for a company to invest in a large “green” facility before asking shareholders. They clearly outline the responsibilities they believe should be of priority to companies. They include transparency in financial reporting, quality products, if there is a known danger associated with the product be forthright about it, do use predatory methods in offshore manufacturing, do not excessively pollute the environment and be respectful, fair and open in employment processes.

The main contradiction in this article was the specific example irresponsibility in building a large “green” facility to reduce pollution and then in their summary of corporate responsibilities they list do not pollute the environment. These two point were in direct contradiction. There was also an example of using more expensive hybrid vehicles in a company being irresponsible if it wasn’t in the interest of the shareholders.

I tend to personally agree mostly with Friedman and the article from Forbes. I believe that a company should not be obligated to do things that it does not necessarily agree with. The issue associated with the pressures of some social responsibilities is that of effective redistribution of wealth. While certain classes of people should not be held down people need incentives to strive to work better and innovate. If there is too much social responsibility imposed within organizations there will be a leveling out of wealth in society and while this in a humanitarian sense is good it also suppresses innovation and kills motivation for people to strive to do better. However corporations should not be allowed to run as they please unchecked. There are companies already that have such great wealth and influence that if they want legislation in their favor they can most likely get it. This allows them to circumvent environmental regulation and maximize profits while trashing the environment. There is a delicate balance between too much and too little social responsibility.

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